



***Program Compliance Office
California Student Opportunity & Access Program
Review Report***

2001-02 Award Year

**Sacramento Consortium
Program Review ID#60300200002**

**10474 Mather Blvd
Mather, CA 95655**

Program Review Date:	June 16 – 20, 2003
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AUDITOR'S REPORT

SUMMARY

We reviewed Sacramento Consortium's administration of California Student Aid Commission (Commission) California Student Opportunity & Access Program (Cal-SOAP) for the 2001-02 award year.

The consortium's records disclosed the following:

- Written Cal-SOAP Procedures Not Compiled
- Actual In-Kind Match Not Properly Documented
- Consortium By-Laws Need Strengthening
- Consortium Board Not Acting As The Governing Board
- Governing Board Meetings Incomplete
- Student Stipend Amount Reported Incorrectly
- No Documentation For Summer Employment
- No Written Agreement Between The Consortium And The Fiscal Agent

BACKGROUND

Through consortium compliance reviews, the administration of the Cal-SOAP program is evaluated to ensure program integrity with applicable laws, policies, contracts and consortium agreements.

The following information, obtained from the consortium and Commission database, is provided as background on the consortium:

A. Consortium

- | | |
|---|---|
| • Type of Organization: | Private, Non-profit |
| • Project Director (Former): | Francie Tidy |
| • Project Director (Current): | Christopher Scott |
| • Board Chairperson: | Manuel Ruedas |
| • Fiscal Agent: | Marlies Rodarmel |
| • Membership: | Arden Middle School |
| • Advancement Via Individual Determination (AVID) | Barrett (John) Middle School |
| • Bidwell (John) Elementary School | Burbank (Luther) High School |
| • California Middle School | California State University, Sacramento |
| • Capitol Center MESA | Carson (Kit) Middle School |
| • Casa Roble Fundamental High School | Center High School |
| • Center Jr. High School | Chavez (Cesar) Intermediate School |
| • College Board | Cordova High School |
| • Del Campo High School | Delta High School |
| • Don Julio Junior High School | Dos Rios Elementary School |
| • Eddy (Harriet G.) Middle School | Elk Grove High School |
| • Encina High School | Florin High School |
| • Foothill Farms Junior High School | Foothill High School |

AUDITOR'S REPORT (continued)

BACKGROUND (continued)

- Membership (continued):
 - Franklin High School
 - Goethe (Charles M.) Middle School
 - Greer (Vernon G.) Middle School
 - Hopkins (Mark) Elementary School
 - Johnson (Hiram) High School
 - Kerr (Joseph) Middle School
 - King (Starr) Middle School
 - Los Rios Community College District
 - Mesa Verde High School
 - Natomas High School
 - Noralto Elementary School
 - Rio Americano High School
 - Rio Linda Jr. High School
 - Rio Vista High School
 - Rutter (James) Middle School
 - Sacramento County Office of Education
 - Sacramento Regional Foundation
 - San Juan High School
 - Smedberg (T.R.) Middle School
 - Sylvan Middle School
 - University of the Pacific
 - Wood (Will C.) Middle School
 - Galt High School
 - Grant High School
 - Highlands High School
 - Jackman (Samuel) Middle School
 - Kennedy (John F.) High School
 - King (Martin Luther, Jr.) Junior High
 - Laguna Creek High School
 - McClatchy (C.K.) High School
 - Mira Loma High School
 - Natomas Middle School
 - Pasteur (Louis) Fundamental
 - Rio Linda High School
 - Rio Tierra Jr. High School
 - Rogers (Will) Middle School
 - Sacramento County Day School
 - Sacramento High School
 - Salk (Jonas) Alternative Middle School
 - Sheldon High School
 - Still (John H.) Elementary School (K-8)
 - University of California, Davis
 - Valley High School

B. Consortium Persons Contacted

- Project Director: Francie Tidy
- Program Coordinator: Adele Riegels
- Program Analyst: Drucilla Davis
- Assistant Superintendent: Joyce Wright
- Director, Capitola Region
- AVID Center: Christopher Scott
- Board Chairperson: Manuel Ruedas
- Fiscal Agent: Marlies Rodarmel

C. Project Information

- Date of Prior Commission Program Review: None
- Size of Student population in the service area: 97,021
- Number of Students Served
 - General: 10,925
 - Intensive: 2,365

AUDITOR'S REPORT (continued)

BACKGROUND (continued)

C. Project Information (continued)

- Cal-SOAP Programs:

College Horizons Summerbridge
"Transfer: Making It Happen"
UC Davis GEAR-UP
"I Am Going To College"
College Information Application
Workshop
Financial Aid Workshop
College Counseling
Tutoring Training
College Fair
SAT Preparation

OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the consortium adequately administered the Cal-SOAP program and that they are in compliance with applicable laws, policies, contracts and consortium agreements.

The review focused on, but was not limited to, the following areas:

- A. General Eligibility
- B. Program Eligibility
- C. Completion of Reports
- D. File Maintenance and Records Retention
- E. Review of Administrative and Accounting Controls

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that Cal-SOAP funds received by the consortium are secure.
- Administration systems have adequate controls to ensure that Cal-SOAP payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedure performed in conducting the review included:

- Evaluation of the current administrative procedures through interviews and reviews of records, forms and procedures.
- Evaluation of the current payment procedures through interviews and reviews of records, forms and procedures.
- Reviewing of the records and payment transactions from a sample of Cal-SOAP student tutors within the review period.
- Reviewing of the records and payment transactions from a sample of Cal-SOAP expenditures within the review period. The program review sample was selected from the total population.

AUDITOR'S REPORT (continued)

**OBJECTIVES,
SCOPE AND
METHODOLOGY**
(continued)

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Cal-SOAP funds were administered according to the applicable laws, policies, contracts and consortium agreements. Accordingly, transactions were examined on a test basis to determine whether Cal-SOAP funds were expended in an eligible manner. The auditor considered the consortium's management controls only to the extent necessary to plan the review.

This report is written using the exception-reporting format, which excludes the positive aspects of the consortium's administration of the Cal-SOAP program.

CONCLUSION

In conclusion, except for the issues described in the Findings and Required Actions section of this report, the consortium administered the Commission Cal-SOAP program in accordance with the applicable laws, policies, contracts and consortium agreements as they pertain to the Commission's Cal-SOAP program.

**VIEWS OF
RESPONSIBLE
OFFICIALS**

The review was discussed with agency representatives in an exit conference held on June 20, 2003.

June 20, 2003

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

A. GENERAL ELIGIBILITY:

FINDING: Written Cal-SOAP Procedures Not Compiled

The Sacramento Consortium does not have formally compiled written policies and procedures for the administration of the Cal-SOAP program.

DISCUSSION:

In order to measure the consortium's performance, it is necessary to evaluate and analyze the consortium's implemented internal controls (procedures) for safeguarding the operational and fiscal integrity of the Cal-SOAP program. A routine procedure of the compliance review is to examine the consortium's written procedures.

It is imperative that consortiums have written procedures so that in the event staff were to leave their positions, written procedures would be available to direct new staff to continue the proper administration of the Cal-SOAP program.

While the fiscal agent has compiled policies and procedures for their operation, the consortium has not. Discussions with staff revealed that there are policies and procedures for some functions of the administration of the Cal-SOAP program but they are not formally compiled.

REFERENCES:

Cal-SOAP Program Operations Handbook, 12/96, Section 5, pages 32 to 36
Cal-SOAP Program Operations Handbook, 10/01, Section 6, pages 7 to 13

REQUIRED ACTIONS:

The Sacramento Consortium is required to develop and submit written policies and procedures administrating the Ca-SOAP program in order to safeguard the operational and fiscal integrity of the program.

CONSORTIUM RESPONSE:

As discussed during the June 2003 program review process and subsequently noted in the PRR, policies and procedures for the operation of the consortium exist within the context of the established administrative structure of the Sacramento County Office of Education as the lead educational agency (LEA) hosting Sacramento CalSOAP. Fiscal oversight of the program is strictly governed by the codified policies and procedures of the Financial Services Department of the LEA while activities necessary to address the specific consortium deliverables under the program contract issued to the LEA are clearly delineated and described in the annual CalSOAP grant reports submitted to the California Student Aid Commission (CSAC). The development and compilation of a separate operational document with a combined focus on

FINDINGS AND REQUIRED ACTIONS (continued)

the two administrative domains of the program, fiscal management and deliverable implementation, will be proposed to the Sacramento CalSOAP Consortium Advisory [Governing] Board (CAB) through its executive committee as a goal for the 2004-2005 fiscal year. The projected timeline for the execution of the compilation process is as follows:

April 2004:	Review with CAB relevant policies and procedures compliance findings of the 2001-02 PRR.
May - August 2004:	Amass archival documentation of consortium's current policies and procedures.
September 2004:	Review archival materials with CAB. Establish compilation team.
October - December 2004:	Develop working draft of policies and procedures document.
January 2005:	Review first draft of document with CAB.
February - March 2005:	Compile second draft of document.
April - May 2005:	Review and refine second draft of document with CAB for ultimate submission to CSAC.
June 2005:	Publish final draft of document and submit to Program Compliance Office of CSAC.

AUDITOR REPLY:

The consortium's action is deemed acceptable based upon completion and submission of the final policies and procedures.

B. PROGRAM ELIGIBILITY:

FINDING 1: Actual In-Kind Match Not Properly Documented

A review of 3 consortium member's in-kind match documentation revealed the respective institutions did not have detailed documentation of the in-kind contribution amounts.

DISCUSSION:

State law requires a matching contribution of local resources for each Cal-SOAP project at a 1:1 ratio. The goal, however, is for the projects to attain a 1:1.5 ratio. Each consortium, through its Project Director, is expected to systematically account for the receipt and expenditure of matching funds provided by supporting

FINDINGS AND REQUIRED ACTIONS (continued)

institutions. The expenditure of matching funds constitutes an integral part of each project's operation and its fiscal reporting to the Commission. "In-Kind" funds, which are not included in a project's expenditure budget, are to be accounted for in a reasonable manner and reported to the Commission.

A review of 3 consortium members in-kind match documentation revealed that the consortium members did not document their in-kind contributions adequately. The Project Director and the consortium members indicated that they were not aware of the specific details and retention of substantiating documentation needed when reporting the in-kind contribution amounts to the Commission. During the on-site visit, the institutions and the Project Director were notified that failure to properly report the actual in-kind contribution amount could result in an incorrect match amount being reported to the Commission.

REFERENCES:

California Education Code, Section 69564
Cal-SOAP Program Operations Handbook, 12/6/96, Section 4, pages 22 & 24
Cal-SOAP Program Operations Handbook, 10/01, Section 2, pages 2 - 4

REQUIRED ACTIONS:

The Consortium must create a method of calculating, tracking and documenting the actual in-kind match amounts provided by the institutions that is subsequently reported to the Commission. If it appears reasonable, the institutions may use a time study where all in-kind costs are tracked for a reasonable period or periods of time and extrapolated over the year to determine their actual in-kind match for the award year. In response to this finding, please provide an example of an in-kind contribution by an institution that includes the method in which the amount was determined.

CONSORTIUM RESPONSE # 1:

The Sacramento Consortium makes a concerted effort to calculate, track, and document the actual in-kind match amounts provided by institutions and representative individuals participating in the implementation of CalSOAP deliverables. To provide an example as per the relevant request in the PRR, please find attached a sample time-study form used to document in-kind contributions of counselors for the purposes of succinctly reporting such contributions in the calculation of the amount required for the grant award match.

AUDITOR REPLY # 1:

The Consortium provided a form to document in-kind contributions of counselors, but there was no written method of calculating, tracking and documenting the actual in-kind match amounts provided by the institutions.

FINDINGS AND REQUIRED ACTIONS (continued)

This would include the number of hours, payroll rates, material and supplies, etc. used in supplying Cal-SOAP services.

The Consortium must provide a detailed written method of calculating, tracking and documenting the actual in-kind match amounts provided by the institutions that is subsequently reported to the Commission.

For additional information please refer to the Cal-SOAP training workshop, conducted in December 2003 by the Commission that discussed how to calculate, track and document actual in-kind contribution amounts.

CONSORTIUM RESPONSE # 2:

Attached please find examples of documents which should satisfactorily address this issue. First, the blank "Personnel Activity Report" (PAR) used monthly to record the hours of employees who are funded from multiple sources, tracks the in-kind activities of contributing employees. Second is a sample "In-kind/Restricted In-kind Match Spreadsheet" generated by the Financial Services Department of the Sacramento County Office of Education, the consortium's fiscal agent. This latter document is used to regularly chart the in-kind contribution amounts calculated from the PAR sheets. Wage and salary amounts as well as hours contributed are noted in the columns to the right.

AUDITOR REPLY # 2:

The consortium's action is deemed acceptable.

B. PROGRAM ELIGIBILITY:

FINDING 2: Consortium By-Laws Need Strengthening

A review of the consortium's by-laws revealed that they do not adequately define the Consortium operation.

DISCUSSION:

The governing board of each project establishes a set of by-laws to define the operation of the consortium. It is necessary that the by-laws reflect the current practices and include all decision-making processes.

An assessment of the consortium's by-laws revealed that the following areas were not adequately addressed:

- No selection process for appointing new and/or terminating Members.
- Roles and responsibilities of the Governing Board are not defined.
- Responsibilities of the project director are not included.
- No defined process for electing/terminating its Fiscal Agent .
- No definition of the responsibilities of the Fiscal Agent.

FINDINGS AND REQUIRED ACTIONS (continued)

REFERENCES:

Sacramento Consortium By-Laws
California Education Code Section 69561(h)
Cal-SOAP Operations Handbook, 10/01, Section 6, page 4

REQUIRED ACTIONS:

To ensure good stewardship of the program, the consortium must revise its by-laws to address the items discussed above. In response to this finding, please submit a draft of the updated by-laws.

CONSORTIUM RESPONSE:

While the bulleted points in the relevant discussion of the PRR are indeed covered in either the existing by-laws or other policy and procedure documents regularly shared in program reports to CSAC, an expansion and refinement of the Sacramento Consortium By-laws will be proposed to the Sacramento CalSOAP Advisory [Governing] Board through its executive committee as a goal for the 2004-2005 fiscal year. The projected timeline for the execution of the revision process is as follows:

April 2004:	Review with CAB the compliance officers' assessment of the consortium by-laws in regard to areas deemed not adequately addressed.
May – September 2004:	Formation of by-law task force. Topical discussions with involved parties (e.g. LEA, fiscal agent, partnership agencies) to define and codify roles and relationships.
October - December 2004:	Develop working draft of revised by-law document.
January 2005:	Review first draft of revised by-laws with CAB and submit draft to compliance officers at CSAC.
February - March 2005:	Integrate CAB requests and suggestions into working draft of revised by-laws..
April - May 2005:	Submit revised draft to CAB for second review and revision.
June 2005:	Pending approval of CAB, publish and submit expanded and refined consortium by-laws to Compliance Office of CSAC.

FINDINGS AND REQUIRED ACTIONS (continued)

AUDITOR REPLY:

The consortium's action is deemed acceptable based upon completion and submission of the approved by-laws.

B. PROGRAM ELIGIBILITY:

FINDING 3: Consortium Board Not Acting As The Governing Board

A review of the board meeting agendas revealed there is no documentation that the board is governing the project.

DISCUSSION:

State law requires that the governing board of each project shall establish management policy, provide direction to the project, set budget priorities, and assume responsibility for securing the matching of funds. Additionally, the Commission expects projects to maintain basic fiscal and managerial controls to ensure proper expenditure of funds (i.e., all major expenditures approved through the Board). The Consortium is also expected to operate within regularly adopted by-laws that define the operation of the Consortium.

Based on the meeting agenda's, it appears that the board is not making formal governing decisions regarding the operation of the program. The Sacramento County Office of Education is administering the Sacramento Consortium. The board is responsible for governing the project. Decisions that affected the direction and operation of the consortium were made without approval of the board. The Project Director received direction through the Sacramento County Office of Education on the operation of the project. Without the input of the member agencies, the consortium ceases to function as a "collaborative" effort as required by the California Education Code. Without board meetings and formal documentation of the decision making process, the governing board cannot effectively govern the project. The Project Director and/or staff may not be able to operate the program effectively and efficiently without formal written direction and policies set forth by the board.

REFERENCES:

California Education Code, Section 69561(b), prior 10/01
California Education Code, Section 69591(h), effective 10/01
Cal-SOAP Program Operations handbook, 12/6/96, Chapter 2, page 9
Cal-SOAP Program Operations Handbook, 10/01, Section 2, page 1

REQUIRED ACTION:

The Sacramento Consortium is required to establish a functioning governing board that meets the requirements set forth by the California Education Code. The Consortium is required to submit a plan of action that will be implemented to ensure that the governing board is operating the Cal-SOAP program.

FINDINGS AND REQUIRED ACTIONS (continued)

CONSORTIUM RESPONSE:

Currently, the Advisory [Governing] Board of the Sacramento CalSOAP Consortium collaboratively establishes and approves policy which provides for deliverable services implemented by project personnel under contract with the LEA. In actuality, prior to the subject program review, the consortium meeting procedure and documentation of same were amended to reflect the structure of the required administrative model (e.g., formal agendas followed by consortium officers, and duly recorded and approved meeting minutes).

AUDITOR REPLY:

The consortium's action is deemed acceptable.

B. PROGRAM ELIGIBILITY:

FINDING 4: Governing Board Meetings Incomplete

A review of the consortium's meeting agendas revealed that there was no detailed written documentation of the meetings.

DISCUSSION:

The governing board of each project shall establish management policy, provide direction to the project, set budgetary priorities and assume responsibility for securing the matching funds. Minutes of these meetings are required to document their governance of the project.

The consortium's by-laws state that, "Meetings of the Consortium Advisory Board shall be scheduled three times a year." Furthermore, the by-laws indicated that, "The Executive Secretary shall also keep minutes and attendance and records of Consortium activities."

A review of the consortium's agenda's revealed there are no formal minutes taken documenting discussions, results, decisions, etc. of the board meetings.

Without board meeting minutes that formally document the decision making process, the governing board can not effectively govern the project. The Project Director or staff may not be able to operate the program effectively and efficiently without formal written direction and policies set by the board.

REFERENCES:

Cal-SOAP Program Operations Handbook, 12/6/96, Section 2, page 18
Cal-SOAP Program Operations Handbook, 10/01, Section 5, page 4
Sacramento Consortium By-Laws, Adopted 09/12/01
Robert's Rules of Order

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTIONS:

In response to this finding, the consortium must provide a corrective action plan to ensure that the governing board will establish management policy and provide direction to the Project Director and how the meetings will be documented in the form of written minutes. It is suggested that the consortium board conduct its board meetings according to Robert's Rules of Order.

CONSORTIUM RESPONSE:

Agendas for the current year reflect a self-imposed refinement of consortium meeting procedure. Consortium Advisory Board meetings now accurately reflect the governing role of the consortium in matters of program finance and deliverable focus. Formal minutes are recorded at each meeting, and approved and published in accordance with established parliamentary practice. CAB meetings themselves are now conducted under guidelines of Roberts Rules of Order.

AUDITOR REPLY:

The consortium's action is deemed acceptable.

D. ROSTERS AND REPORTS:

FINDING: Student Stipend Amount Reported Incorrectly

A review of the consortium's Summerbridge Report revealed that the consortium incorrectly reported a staff employee as a student employee.

DISCUSSION:

In order to participate in the Cal-SOAP program, consortiums agree to monitor and maintain fiscal records documenting financial transactions that include salaries and fringe benefits of student employees who provide services through the Cal-SOAP project. State law indicates that at least 30% or the equivalent of each project grant shall be allocated for stipends to peer advisors and tutors.

A review of the consortium's Reimbursement Report for the Summerbridge program, the Budget Narrative for Summerbridge, and discussions with consortium staff revealed that the Summerbridge Director's salary was included in the Student Staffing column on the Reimbursement Request submitted to the Commission.

REFERENCES:

Education Code Section 69561(l)
Cal-SOAP Program Operations Handbook, 12/6/96, Section 4, page 27
Cal-SOAP Program Operations Handbook, 10/01, Section 4 page 3

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

The Sacramento Consortium is required to implement control measures to ensure that the correct Staffing amounts are reported to the Commission.

CONSORTIUM RESPONSE:

This error was discussed at length during the actual program review process in June 2003. As noted during those interviews, the Summerbridge organization has, since 2002, hired new staff and taken steps to insure the accurate reporting of personnel expenditures. Subsequent program reports reflect satisfactory attention to this particular issue.

AUDITOR REPLY:

The consortium's action is deemed acceptable.

E. RECORD RETENTION AND FILE MAINTAINANCE:

FINDING: No Documentation for Summer Employment

Discussions with consortium staff revealed that there was no documentation verifying student employment for the Summerbridge program.

DISCUSSION:

Upon execution of the Cal-SOAP Agreement, the consortium agrees to monitor and maintain fiscal records documenting financial transactions that include salaries and fringe benefits of student employees who provide services through the Cal-SOAP project. Furthermore, the consortium agrees to retain all records relating to direct expenses and to hours of employment.

A review of the Summerbridge Budget Narrative report and discussions with consortium staff revealed that the amounts reported as student stipends were not properly documented. While the students provided tutoring services, there were no timesheets nor student contracts documenting the student's payment for the 2001-02 award year.

However, during the on-site review, consortium staff provided the auditor with a copy of the current Summerbridge Teacher Contract that meets program requirements.

REFERENCES:

Cal-SOAP Agreement, G-01-002
Cal-SOAP Program Operations Handbook, 12/6/96, Section 5, page 35
Cal-SOAP Program Operations Handbook, 10/01, Section 2, page 7
Cal-SOAP Program Operations Handbook, 10/01, Section 6, page 12

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

Since the consortium currently requires all student tutors to complete a Summerbridge Teacher Contract, no further action will be necessary for this finding.

CONSORTIUM RESPONSE:

While no action on this item is required by the PRR, it bears noting that as with finding "D," this item was also a topic of considerable discussion during the June 2003 program review process. The new staff referenced above have taken great care in accurately maintaining documentation necessary to verify student employment for the Summerbridge program.

AUDITOR REPLY:

The consortium's action is deemed acceptable.

OBSERVATIONS AND RECOMMENDATIONS

G. OBSERVATIONS AND RECOMMENDATIONS

OBSERVATION: **No Written Agreement Between The Consortium And
The Fiscal Agent**

The Sacramento Consortium does not have a mutually acceptable agreement with a member of the Consortium to serve as its Fiscal Agent. The Sacramento County Office of Education has been performing the duties of a Fiscal Agent without negative consequences. However, without a written agreement detailing the duties and responsibilities of the Fiscal Agent, there could be a misunderstanding of the Fiscal Agent's role in the administration of the Cal-SOAP program.

RECOMMENDATION:

The Consortium and the Fiscal Agent should negotiate a written agreement to define the duties and responsibilities of the Fiscal Agent and the Consortium. Furthermore, the current, October 2001, Cal-SOAP Program Operations Handbook recommends that the Consortium and the Fiscal Agent have an agreement.

CONSORTIUM RESPONSE:

As per the PRR recommendation, the Sacramento Consortium is currently investigating the development of a document defining the duties and responsibilities of the fiscal agent vis-a-vis the consortium.